

## CLAIMS

We claim:

1. A method for authenticating the identity of a cardholder during an online transaction comprising:

querying an access control server to determine if said cardholder is enrolled in a payment authentication service;

requesting a password from said cardholder;

verifying said password; and

notifying a merchant of the authenticity of the cardholder if the password entered by said cardholder is verified.

2. A method for authenticating the identity of a cardholder utilizing a chip card comprising:

verifying that said cardholder client device includes a chip card reader;

prompting said cardholder to enter said chip card into said chip card reader;

receiving a chip card cryptogram that was generated by said chip card based upon information in said chip card;

receiving a password entered by said cardholder;

independently generating a second cryptogram based upon information in said chip card;

comparing the chip card cryptogram to the second cryptogram to determine the authenticity of the chip card; and

verifying said password to authenticate the identity of said cardholder.